

HOUSE BILL NO. 632

INTRODUCED BY F. SMITH

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4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION
5 BONDS TO FINANCE 50 PERCENT OF AN ETHANOL PLANT TO BE BUILT IN CONJUNCTION WITH THE
6 ASSINIBOINE AND SIOUX TRIBES OF THE FORT PECK INDIAN RESERVATION; PROVIDING FOR
7 PAYMENT OF THE INTEREST AND PRINCIPAL OF THE BONDS FROM THE STATE'S SHARE OF THE
8 PROCEEDS GENERATED BY THE OPERATION OF THE ETHANOL PLANT; REQUIRING THE USE OF
9 MONTANA AGRICULTURAL PRODUCTS IN THE PRODUCTION OF ETHANOL AND THE EMPLOYMENT
10 OF TRIBAL MEMBERS AND OTHER MONTANA RESIDENTS TO THE EXTENT POSSIBLE; CREATING A
11 STATE DEBT; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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13 WHEREAS, Montana continues to lag behind the rest of the nation in average per capita income; and
14 WHEREAS, the state has determined that it is in the best interest of the citizens and taxpayers of the
15 state to promote and induce the creation of higher-paying jobs in the state; and

16 WHEREAS, the Legislature has determined that the state may need to provide more direct inducements
17 to private industry to achieve the creation of better-paying jobs; and

18 WHEREAS, the Legislature has determined that the inducement of private industry to create jobs in
19 Montana is a public purpose in that it will provide more and better employment opportunities for its citizens,
20 particularly its college-educated young citizens who frequently leave the state in search of good jobs, and it will
21 increase the tax base for both state and local government and in general enhance the opportunities for greater
22 prosperity for the state; and

23 WHEREAS, given the state's location and other reasons, the Legislature has determined that ethanol
24 production projects represent one of the best potentials for good, quality jobs.

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26 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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28 NEW SECTION. Section 1. Authorization of bonds. (1) The board of examiners is authorized to issue
29 and sell general obligation bonds in an amount not exceeding \$10 million for an ethanol plant development
30 project to be undertaken in conjunction with the Assiniboine and Sioux tribes of the Fort Peck Indian reservation



1 in accordance with the terms and in the manner required by Title 17, chapter 5, part 8, and Title 18, chapter 11,
2 part 1, and upon the authority granted to the board by this section. The state and the tribes shall each provide
3 50% of the cost of construction of the ethanol plant. The state and the tribes are encouraged to seek federal
4 money for the project. The bonds are in addition to any other authorization to the board to issue and sell general
5 obligation bonds and are subject to the conditions set forth in this section.

6 (2) The general obligation bond proceeds provided for in this section are appropriated to the governor's
7 office of economic development for assisting in funding a joint ethanol plant development project with the
8 Assiniboine and Sioux tribes of the Fort Peck Indian reservation. The governor's office of economic development
9 may request the board of examiners to issue the bonds for the ethanol plant development project in one or more
10 series, but the total amount of bonds issued may not exceed \$10 million. The governor's office of economic
11 development is authorized to contract with the Assiniboine and Sioux tribes of the Fort Peck Indian reservation
12 or to contract in conjunction with the tribes with the developer of an approved project for the construction of the
13 infrastructure improvement and the acquisition of equipment for the construction of an ethanol plant, upon a
14 determination that it is in the best interest of the project. The plans and specifications for the infrastructure and
15 equipment to be financed from the proceeds of the bonds must be approved by and be acceptable to the
16 governor's office of economic development following a review of the plans and specifications of the infrastructure
17 by the architecture and engineering division of the department of administration. The portions of the ethanol plant
18 development project that are infrastructure and equipment financed with bond proceeds are owned by the state,
19 and the use must be governed by a development agreement between the state, with the Assiniboine and Sioux
20 tribes of the Fort Peck Indian reservation, and the developer of the project. The ethanol plant, when operational,
21 shall use Montana agricultural products, to the extent available, for the production of ethanol and shall employ
22 both tribal members and other Montana residents to the extent possible.

23 (3) It is the intent of the legislature that debt service payments for the bonds authorized by this section
24 will be covered by the state's share of profits generated by the ethanol plant. When requesting the board of
25 examiners to issue the bonds, the governor's office of economic development shall present to the department
26 of administration for presentation to the board of examiners the following:

27 (a) evidence satisfactory to the board that the Assiniboine and Sioux tribes of the Fort Peck Indian
28 reservation have committed to the construction of the project in Montana and have agreed on a site for the
29 project; and

30 (b) a certificate signed by the director of the office of budget and program planning that the proceeds

1 to be received by the state from the operation of the ethanol plant over the term of the bonds will be sufficient
2 to pay the principal amount of and interest on the bonds issued to assist with the specific project.

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4 NEW SECTION. Section 2. Two-thirds vote required. Because [section 1] authorizes the creation
5 of state debt, Article VIII, section 8, of the Montana constitution requires a vote of two-thirds of the members of
6 each house of the legislature for passage.

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8 NEW SECTION. Section 3. Effective date. [This act] is effective on passage and approval.

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